

Single Managers Conference

2-4 Apr 02

Developing, Fielding, and Sustaining America's Aerospace

Reformed Supply Support Program



U.S. AIR FORCE

HAF/ILSP

DSN 224-3548

SMC/CWS

DSN 834-2265

Web Site:

<https://www.cisf.af.mil/rssp>

***I n t e g r i t y - S e r v i c e - E x c e l l e n
c e***



OVERVIEW

U.S. AIR FORCE

- **RSSP Overview**
- **Endorsements**
- **What's Broken?**
- **Old Process**
- **How do we fix it?**
- **New Process**
- **Implementation Status**
 - **Deliverables**
 - **Challenges**
- **OEF Lessons Learned**
- **Summary**



RSSP

U.S. AIR FORCE

- **What is it?**
 - **Reengineered process on how the Air Force brings initial spares into the inventory for new weapon systems and major modifications**
 - **Significant partnership between Government and Industry**
- **Concept development began Jun 94 and final approval by AFMC/DR/LG in May 97**
- **Implementation underway and expect to be institutionalized within the AF by FY03**



ENDORSEMENTS

U.S. AIR FORCE

- **Secretary of Air Force identified RSSP to Congress as one of top initiatives**
- **SAF/AQ and AF/IL**
 - **Part of AQ Strategic Business Plan and LB 99-7**
 - **Update on progress every 6 months**
- **DLA**
 - **Endorsed for multi-service application**
- **OSD**
 - **Semi-annual updates to Dr Gansler**
 - **Directed inclusion in DoD 4000 and 5000 series publications and as part of 912 initiative**
- **Congress**
 - **Approved funding changes in FY00 PB**



WHAT'S BROKEN?

U.S. AIR FORCE

- **Three separate processes - Pre-Operational, Interim Contractor Support, and Initial Spares**
 - No common point of reference
 - Lack of asset visibility
 - Usage/failure data not in usable format
- **Duplication of effort**
 - Contractor and government both develop recommended spares list
- **Product Centers and ALCs buying same spares**
 - Potential impact to both ALC and DLA



WHAT'S BROKEN? (CONT)

U.S. AIR FORCE

- **Buys based on estimates vs actuals**
 - **ISSLs - 70% of what we buy we don't use and 70% of what we need we don't buy**
 - **Causes excess inventory and numerous corrections**
- **Inaccurate Supply Support Requests (SSRs) to DLA**
 - **Process is disconnected from configuration management**
 - **Major DLA impact**
- **Substantial progress payments impacting Working Capital Fund (WCF)**



WHAT'S BROKEN? (CONT)

U.S. AIR FORCE

- **Funding for “corrections” is an additional expense**
 - **Not programmed for and can take years to fix**
 - **Too often burden shifts to GSD/MSD replen**
- **Cumbersome Air Force funding process**
- **Data visibility to the warfighter minimal during Interim Contractor Support (ICS)**



CURRENT FUNDING PROCESS

U.S. AIR FORCE

Equipment

- BP10, 20 or 83
- 3 year money
- BA only
- Managed by SPO

Initial Spares

- SMAG/MSD 1 year OA
- BP16, 26 or 86
- 5 years BA
- Managed by ALC

No flexibility between BPs



AIR FORCE TRADITIONAL SUPPLY SUPPORT EXCESSIVE SPARES COST LESSONS LEARNED 1985-1996

U.S. AIR FORCE

AUDIT REPORT
SPARES

EXCESS

DOCUMENTATION
DOLLAR AMOUNT

AIRCRAFT/ CATEGORY

AFAA Project 4126121, 4/4/85
119.2M

A/C - **ERRONEOUSLY ESTIMATED**

\$

FAILURE RATES

AFAA Project 5126123, 11/14/86
638.5M

AFLC FY85 BUDGET REQUIREMENT

WAS **NOT DEMAND SUPPORTED**

AFAA Project 5126117, 2/23/86
59.9M

SPARES BASED ON **ERRONEOUSLY EST.**

RECOVERABLE ITEM USAGE RATE

AFAA Project 9106210, 2/14/90
895.2M

MODIFICATION RELIABILITY

IMPROVEMENTS **NOT TRACKED** FOR
SPARES **DEMAND RATES**

GAO/NSIAD-88-75, 1/14/88
822.3M

A/C SPARES BOUGHT WITH **UNSTABLE**

DESIGN RESULTING IN **OBSOLESCENCE**

GAO/NSAID-92-293, 9/18/92 &
281.8M

A/C **DUPLICATE** SPARES BUY; NO COM-



DLA SUPPLY SUPPORT LESSONS LEARNED 1988 -1995

U.S. AIR FORCE

AUDIT REPORT SPARES

EXCESS

DOCUMENTATION AMOUNT

CATEGORY

DOLLAR

DoDIG AUDIT 88-140
4/27/88
\$221.5M

REQUIREMENTS **FORECASTS** ON SUPPLY
SUPPORT REQUESTS ARE **EXCESSIVE**

DoDIG AUDIT 93-175
9/30/93
\$442.9M

SSRs DEEMED UNREASONABLE AND BASED
UPON **UNSUPPORTED DEMAND** FORECASTS

DoDIG AUDIT 95-057
12/16/94
\$.7M

ICPs DO **NOT** USE **CURRENT AND ACCURATE**
DATA REGARDING MODS IN SUPPORT

PLANNING

TOTAL (FY96 DOLLARS)

\$665.1M



U.S. AIR FORCE

CURRENT PROCESS

**Advanced
Developme
nt**

**System
Developme
nt**

Prod & Deployment

Pre Op

Procurement \$\$

T/O

ICS

Procurement \$\$

ICP Support

Prov

SSR

Initial Spares/GSD \$\$

DCNs

ECPs

ECPs

Corrections

MSD/GSD \$\$



HOW DO WE FIX IT?

U.S. AIR FORCE

There are 5 RSSP tenets for improving the process

- **Tailored to fit the specific requirements of each weapon system**

1)Teaming and Supply Support Planning

2)Interim Supply Support

- **Contractor as wholesale supply manager of peculiar items**

3)Data Sharing

4)Transition Management

- **Demand Based Acquisition**

5)Flexible Financial Concept



TENET 1: TEAMING AND SUPPLY SUPPORT PLANNING

U.S. AIR FORCE

- **SPD establishes a Supply Support IPT early in the acquisition cycle**
 - **Partnership between Government and Industry**
 - **Includes experts from each functional area of the process**
- **Outlines spares support for the weapon system/mod during acquisition life cycle and plans for transition to government ICP support for sustainment**
- **Tie the processes together**
 - **Each phase builds upon the previous one**



U.S. AIR FORCE

TENET 2 INTERIM SUPPLY SUPPORT (ISS)

- **The contractor is responsible for wholesale inventory management of peculiar items:**
 - **Determine levels for consumable and reparable spares needed during ISS period**
 - **Catalog peculiar items - contractor source of supply**
 - **Reparable item processing/repair**
 - **Asset redistribution and accountability**
 - **Report data on systems in their operating environment for both AF and DLA**
- **Government responsibilities for stocklisted items do not change**
- **Both Government and Contractor use AF retail supply system**
 - **Transparent to the user**



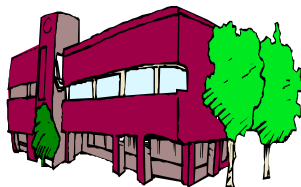
INTERIM SUPPLY SUPPORT AND TRANSITION TO INVENTORY CONTROL POINT

U.S. AIR FORCE

ISS

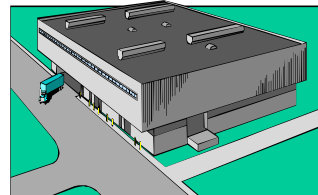
- Contractor source of supply for peculiar items
- SBSS will be used by retail users
- Contractor determines levels
- Evaluated on retail performance measures

Contractor



ICP

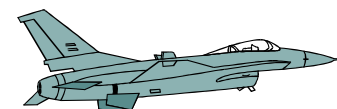
DoD ICPs



- ICP source of supply for all stocklisted items
- ICP evaluated on retail performance measures
- User O&M pays for spares

part of stocklisted spares

SBSS



User acquires all spare parts through SBSS

Supply Support is transparent to user



TENET 3 DATA SHARING - WHAT

U.S. AIR FORCE

- **Use standard models to collect data**
 - **Secondary Item Requirements System (SIRS)**
 - **Aircraft Sustainability Model (ASM)**
 - **Diminishing Manufacturing Sources and Material Shortages (DMSMS)**
- **Define common data elements to populate models**
 - **Includes usage and failure data, PN changes, asset accountability, program data, etc.**
 - **Program adjustments are captured**
 - **Should not require contractor to collect additional data elements**
- **Provides SS IPT data necessary for performance measurements and assessments**



TENET 3 DATA SHARING - HOW

U.S. AIR FORCE

- **Take advantage of today's technology - Electronic Data Exchange**
 - Link contractor and government systems
 - Establish a common point of reference
- **We can share information without changing hardware (Contractor or Government)**
- **Key part for the AF vision of seamless logistics under the GCSS concept**

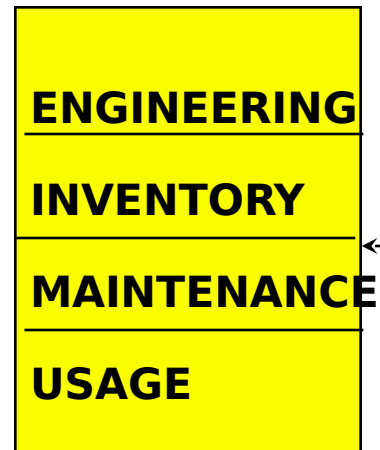




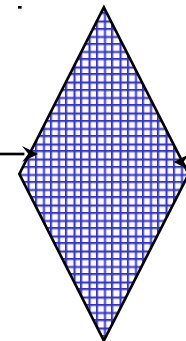
DATA SHARING

U.S. AIR FORCE

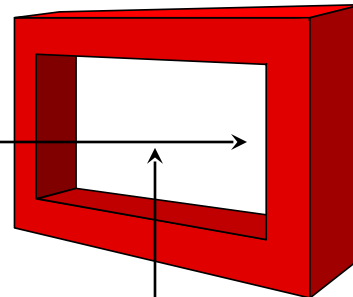
A process by which related data from many sources is merged to provide a summary integrated view of business information



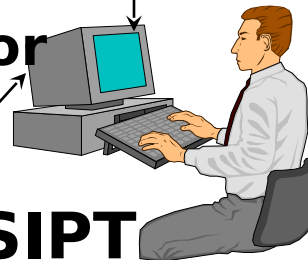
**CONTRACTOR
SYSTEMS**



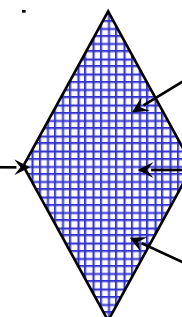
**Contractor
Interface**



SSIPT



**Standard
d**



GCSS



**GOVERNMENT
LEGACY
SYSTEMS**



U.S. AIR FORCE

TENET 4 TRANSITION MANAGEMENT

- **Source of Supply Approval Process (SOSAP)**
 - **Determines if contract or organic ICP**
- **If SOSAP determination is for Organic ICP the decision on when to transition is based on system or subsystem maturity**
 - **DCNs and ECPs only one measure**
- **SPD, MAJCOM and Contractor input essential**



U.S. AIR FORCE

TENET 4 TRANSITION MANAGEMENT

- **Requires development of Transition Package**
 - **Spares requirements based on levels computed on government model**
 - **Technical data and documentation**
- **Logistics Reassignment rules apply when “peculiar” item becomes “common” item**
- **Logistics transfer criteria must be met for both AF and DLA**
 - **Full complement of spares (AF and DLA)**
 - **Retail and wholesale**



TENET 5 FLEXIBLE FINANCIAL CONCEPTS

- **Process changes to the financial concept**
 - **Weapon system PEC to fund the three key pieces of the Reformed Supply Support Program**
 - **Weapon system/modification**
 - **Interim supply support period**
 - **Transition package which includes:**
 - **Consumable and reparable spares**
 - **Re-procurement data**
- **Shifts financial responsibility from DLA to program office for initial lay-in of spares at retail supply level and DLA pipeline**
- **Flexibility for changes to spares/budget requirements based on program changes**



NEW FUNDING PROCESS

U.S. AIR FORCE

Equipment

ISS

Transition Pkg (spares & data)

- BP10, 20 or 83
 - 3 year money
 - BA only
- Managed by SPO

Initial Spares

- SMAG/MSD 1 year OA
- BP16, 26 or 86
 - 5 years BA
- Managed by ALC

One BP provides a flexible process



SYNOPSIS

U.S. AIR FORCE

- **What does the new process do?**
 - **Provides a common point of reference**
 - **Builds on experience throughout acquisition process**
 - **Increases asset visibility**
 - **Timely and accurate failure/usage data**
- **Demand-based acquisitions at time of transition reduces excess inventory and corrections during sustainment**
 - **Refines spares budget projections**
 - **Corrects SSR problem**
 - **Reduces loss to Working Capital Fund (WCF)**
- **Budget process is more flexible**



SYNOPSIS

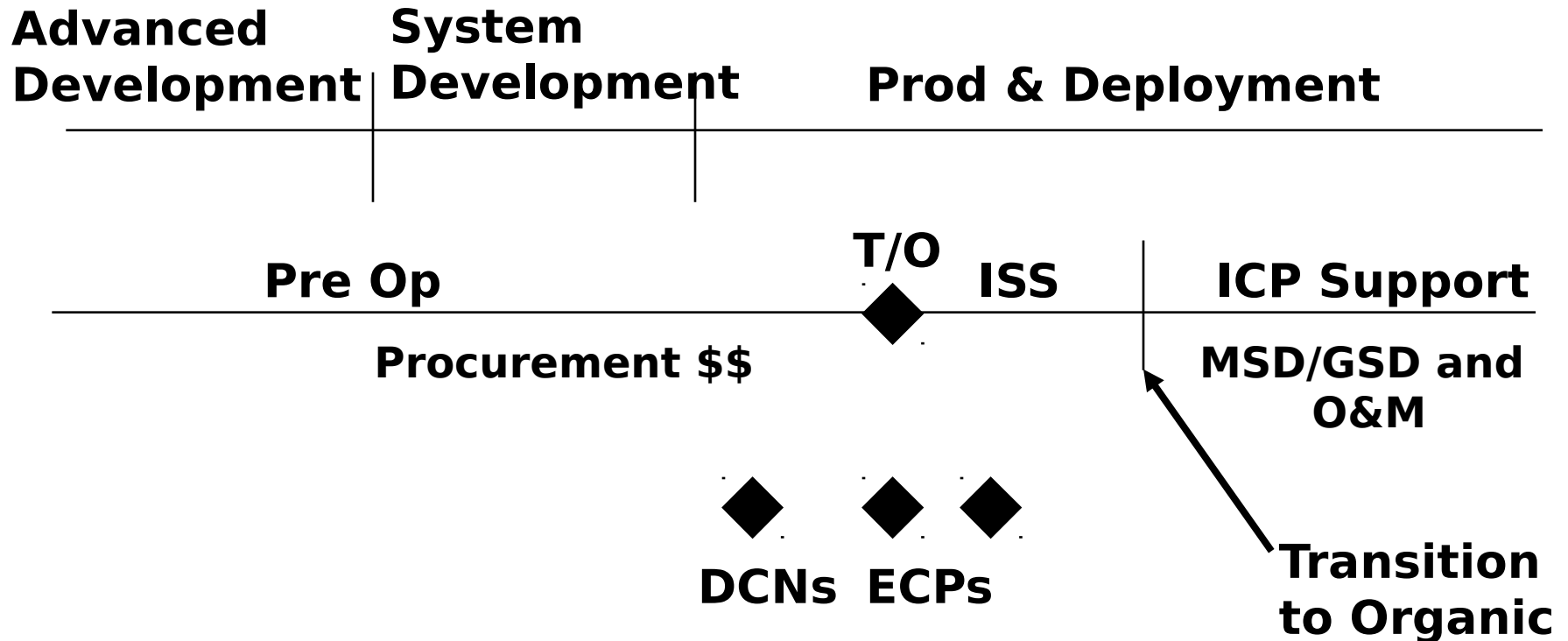
U.S. AIR FORCE

- **Advantages**
 - **Flexibility to buy appropriate levels of spares**
 - **Reduces up front costs to a program**
 - **Reduces total cost to the program by delaying depot investments and initial spares investments until actual requirements are known**
 - **Establishes a partnership between government and industry**
 - **Improves support to the warfighter and reduces life cycle cost**



NEW PROCESS

U.S. AIR FORCE



One connected process

- Shared data throughout
- Plan for ISS
- Demand-based acquisitions



U.S. AIR FORCE

IMPLEMENTATIO N STATUS



ORGANIZATION

U.S. AIR FORCE

- **SMC/CC Lead Commander**
 - **Share Chair**
 - **Project Office - C Springs**
 - * **SAF/HQ USAF advisory, facilitation and resource team**
 - **AQX**
 - **ILS**
 - **FMBR**
 - * **Over 140 active members**
 - * **Mentoring numerous weapon systems**
- **Core Activity Teams**
 - **Policy - AFMC**
 - **Retail Supply Policy**
 - **DLA Systems and Policy**
 - **Training**
 - **Data Team**
 - **Financial Concepts**
 - **Contracting**
 - **Weapon System Activity Teams**
 - **Spacelift Ranges System (RSA IIA)**
 - **C-17**
 - **F-22**
 - **C-130J**



DELIVERABLES

U.S. AIR FORCE

- ✓ **Financial concept approved and implemented**
- ✓ **RSSP Guide completed**
- ✓ **Policy changes implemented**
- ✓ **Contractor interfaces established**
- ✓ **Data exchange architectural strategy established and on contract**
- ✓ **Pilot program weapon systems incorporated new concept**
- ✓ **Training materials developed and virtual classroom established**
- **Data models identified and requirements incorporated for both AF and DLA**
- **Documented performance measures**



CHALLENGES

U.S. AIR FORCE

- **Evolving concept to include all contractor support weapon systems**
- **Establishing interaction between contractors and AF's Regional Supply Squadrons (RSS)**
- **Number of "peculiar" items becoming "common"**
- **Developing business rules across Services**
- **Establishing support across platforms with same contractor**
- **Leveraging lessons learned and data systems within Industry/Corporations**



SUMMARY

U.S. AIR FORCE

- **Actual experience substantiates concept**
 - **Contractors working issues hard once identified**
 - **Weapons systems performing well in AOR**
 - **Information flow getting better**
- **Implementation nearly complete**
 - **Policy, Retail, Contracting, Training, DLA and Financial Teams transitioned**
 - **Data Team making substantial progress after numerous challenges and delays Weapon System Teams becoming self supporting**
- **Evolutionary development continues**